

Chairman's Statement
Hearing: Crime Victims Fund Rescission: Real Savings or Budget Gimmicks?

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Security
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President Ronald Reagan, during the first years of his Presidency, initiated a new federal program—the Crime Victims Fund. The Crime Victims Fund operates by the novel idea of making criminals pay for the system they create. In the spirit of justice through restitution, fines, fees, and forfeitures paid by criminals are used for direct services and compensation to victims. And unlike almost every other government program, the Crime Victims Fund is *self-funding*, meaning we don't have to ask the taxpayers to pay for it.

At the beginning of each fiscal year, Congress sets a cap on how much money can be spent from the Fund. During the fiscal year, criminal fines, fees, and forfeitures are deposited into the Fund. If the deposits are more than the Congressionally-capped amount allowed for spending, then the overflow is set aside as “rainy day” money. At the end of the year, when money is distributed to the states for victim services and compensation grants, the “rainy day” money from previous windfall years makes up the remainder, up to the capped amount.

Like last year, this year's budget proposal is treating the “rainy day” money in the Crime Victims Fund as a “surplus,” because it remains in the Fund throughout the year before being used to make up for shortfalls in deposits at the end of the year, pursuant to the Crime Victims Act. OMB is not only proposing to raid the Crime Victims Fund of the “rainy day” money but also to take out – *in advance* - what is expected to be deposited all year.

The proposal would take this money – the rainy day fund plus an advance on what will be deposited in 2007 - call it “surplus” and dump it into the General Treasury. That means that when it is time to disburse money to the States at the end of the year, the Fund will be empty. What will happen then? Do we really think that the program is simply going to be terminated? Not when Congressional, law enforcement and state government support for this program is so strong.

Now, I have no problem with the Administration making good faith efforts to shrink government, identify programs that are inefficient, failing or duplicative, make the case that these programs should be permanently terminated, and have a debate. However, that case isn't being made here. In other words, the Administration isn't even trying to *really* terminate the program, which would be a valuable debate that I would welcome. When OMB makes its case, I'm the first one to support them. We held a hearing last year about a program on the Terminations list – the Advanced Technology Program at the Department of Commerce - where the case for termination was made powerfully and I was the first one to agree with OMB's decision.

In this case, I wouldn't agree with terminating the program – it is, after all, the *ideal* type of program we want – the people who create the problems addressed by the program are the same ones who pay for it. But I'd still welcome the debate, if OMB were making a good faith effort to shrink government and had proposed to terminate the program. What's happening instead is OMB's proposal simply steals the money from the program's operating budget for next year but provides no plan for how to pay for the program next year. Effectively, the argument about the program's survival gets punted to the next fiscal year, when the fund is empty because of the budget proposal for *this* year.

Maybe some would argue that we're in such a budget crisis this year that extreme temporary measures are warranted. It's not as if we've been suddenly and unexpectedly stuck with unforeseen expenses and we have to temporarily violate the authorizing statute to access any cash we can. Despite Congress' tendency to call "winter" an emergency requiring supplemental LIHEAP funding, or calling a 4-year old war "emergency spending" – our budget liabilities are well-known and have been ripening for decades. We've been watching the baby boomers age for just about 60 years now. That's decades to prepare for Medicare and Social Security shortfalls, decades to tighten our belts and stave off unnecessary earmarks. Decades to fix our \$38 billion-a-year improper payments problem (we'll be having a hearing on that tomorrow).

So it's not some temporary crisis that would justify morphing a program that pays for itself into just another deck on the Titanic of our growing discretionary spending burden. That debt burden will rob our children and grandchildren of their future quality of life, when we could have had a program that paid for itself if we exercised a little restraint and honesty now.

If anyone is serious about finding savings at the Department of Justice, I have some suggestions. Since 2000, the Department of Justice has spent close to \$200 million on meetings and travel and has had anywhere between \$2.6 million to **\$260 million** in unspent money just parked at the Department *each year*. There is also the possibility of payment errors. The Department claims that it assessed all of its programs and didn't find any risk for significant payment errors. Unfortunately, an independent auditor found several programs that were never assessed properly. But we will be investigating improper payments in greater detail at a hearing I will chair tomorrow. The point is, even the most cursory digging yields areas where money is being wasted, and that's before engaging in a single policy debate about the merits of programs at the Department.

Now, maybe I've read the budget proposal wrong. Maybe the Administration isn't proposing to raid what it knows is an artificial surplus. If so, I hope this hearing will provide some answers to the following questions:

- What does the Administration plan to do with the Crime Victims Fund at the end of 2007 when the Fund is emptied?
- Raiding the account and paying for the program using some mechanism other than the self-funding system would be violating existing statutes—does the Administration plan on submitting new authorizing language that would allow this and future raids into the Fund? Given the failure of this plan in last year's Budget proposal, why would the Administration submit the rescission for the second year in a row?
- Is this a sincere proposal or a budget gimmick to create the appearance of savings?

- Why would the Administration go after a self-funded program that has inherent fiscal discipline instead of tackling conference spending, unobligated funds, improper payments, or other management issues?

I want to thank our witnesses for being here today. On our first panel, we are pleased to have with us here today former Attorney General Ed Meese, who is currently the Ronald Reagan Distinguished Fellow in Public Policy at the Heritage Foundation. On our second panel, we have the Honorable Paul Corts who is serving as our current Assistant Attorney General for Administration at the Department of Justice. On our third panel we have Steve Derene, Executive Director of the National Association of VOCA Assistance Administrators and Marsha Kimble, one of the many victims of the Oklahoma City Bombing and founder of the support and advocacy group, “Families and Survivors United.” Thank you all for your time and preparation.